

**Union Calendar No. 309**

106TH CONGRESS  
2D SESSION

**H. R. 3615**

**[Report No. 106–508, Parts I and II]**

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**A BILL**

To amend the Rural Electrification Act of 1936 to ensure improved access to the signals of local television stations by multichannel video providers to all households which desire such service in unserved and underserved rural areas by December 31, 2006.

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APRIL 6, 2000

Reported from the Committee on Commerce with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

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## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 10, 2000

Mr. GOODLATTE (for himself, Mr. BOUCHER, Mr. BAKER, Mrs. EMERSON, Mrs. CAPPS, Mrs. BONO, Mr. OBERSTAR, Mr. EWING, Mr. GILCHREST, Mr. METCALF, Mr. QUINN, Mr. BASS, Mr. LATHAM, Mr. KILDEE, Mr. PHELPS, Mr. MCINNIS, Mr. RAHALL, Mr. BUYER, Mr. WATKINS, Mr. FROST, Mr. BALDACCI, Mr. GOODE, Mr. PETERSON of Minnesota, Mr. HINCHEY, Mr. BOYD, Mr. WALDEN of Oregon, Mr. OLVER, Mr. FLETCHER, Mr. COLLINS, Mr. THORNBERRY, Mrs. CUBIN, Mr. NETHERCUTT, Mr. WICKER, Mr. LAHOOD, Mr. BOEHLERT, Mr. GOODLING, Mr. HERGER, Mr. NUSSLE, Mr. RADANOVICH, Mr. EHRLICH, Mr. HASTINGS of Washington, Mr. THUNE, Mr. COOKSEY, Mr. HILLEARY, Mrs. FOWLER, Mr. BONILLA, Mr. BALLENGER, Mr. SKEEN, Mr. SHIMKUS, Mr. PICKERING, Mr. ADERHOLT, Mr. SHERWOOD, Mr. UPTON, Mr. HAYES, Mr. PETERSON of Pennsylvania, Mr. SMITH of Texas, Mr. VITTER, Mr. JENKINS, Mr. TAUZIN, Mr. RILEY, Mr. CANADY of Florida, Mr. BARTLETT of Maryland, Mr. ISAKSON, Mr. CHAMBLISS, Mr. BARRETT of Nebraska, Mr. GANSKE, Mr. BISHOP, Mr. THOMAS, Mr. OXLEY, Mr. GOSS, Mr. JONES of North Carolina, Mr. DOOLITTLE, Mr. POMBO, Mr. WAMP, Mr. DUNCAN, Mr. NORWOOD, Mrs. CHENOWETH-HAGE, Mr. DAVIS of Virginia, Mr. DICKEY, Mr. EHLERS, Mr. LEWIS of Kentucky, Mr. WELLER, Mr. FOLEY, Mr. HUTCHINSON, Mr. SMITH of Michigan, Mr. GEKAS, Mr. HOUGHTON, Mr. REYNOLDS, Mr. PORTMAN, Mr. TRAFICANT, Mr. SCHAFER, Mr. THOMPSON of California, Mr. MINGE, Mrs. CLAYTON, Mr. SHOWS, Mr. SISISKY, Mr. BRYANT, Mr. WALSH, Mr. MCHUGH, Mrs. JOHNSON of Connecticut, Mr. BEREUTER, Mr. ROGERS, Mr. FARR of California, Mr. KIND, and Mr. HILL of Montana) introduced the following bill; which was referred to the Committee on Agri-

culture, and in addition to the Committees on Commerce, and the Judiciary, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

MARCH 1, 2000

Additional sponsors: Mr. SANDLIN, Mr. POMEROY, Mr. BERRY, Mr. MORAN of Kansas, Mr. MORAN of Virginia, Mr. CRAMER, Mr. LUCAS of Oklahoma, Mr. GUTKNECHT, Mr. SIMPSON, Mr. STENHOLM, Mr. HOLDEN, Mr. BOSWELL, Mr. KLINK, and Mr. COBLE

MARCH 1, 2000

Reported from the Committee on Agriculture with an amendment

[Strike out all after the enacting clause and insert the part printed in *italic*]

MARCH 1, 2000

Referral to the Committees on Commerce and the Judiciary extended for a period ending not later than March 31, 2000

MARCH 31, 2000

The Committee on the Judiciary discharged

MARCH 31, 2000

Referral to the Committee on Commerce extended for a period ending not later than April 4, 2000

APRIL 4, 2000

Referral to the Committee on Commerce extended for a period ending not later than April 5, 2000

APRIL 5, 2000

Referral to the Committee on Commerce extended for a period ending not later than April 6, 2000

APRIL 6, 2000

Additional sponsors: Mr. UDALL of Colorado, Mr. EDWARDS, Mr. DEFazio, Mr. RODRIGUEZ, and Mr. DEAL of Georgia

APRIL 6, 2000

Reported from the Committee on Commerce with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in boldface roman]

[For text of introduced bill, see copy of bill as introduced on February 10, 2000]

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## A BILL

To amend the Rural Electrification Act of 1936 to ensure improved access to the signals of local television stations by multichannel video providers to all households which desire such service in unserved and underserved rural areas by December 31, 2006.

1        *Be it enacted by the Senate and House of Representa-*  
 2        *tives of the United States of America in Congress assembled,*

3        **SECTION 1. SHORT TITLE.**

4        *This Act may be cited as the “Rural Local Broadcast*  
 5        *Signal Act”.*

6        **SEC. 2. FINDINGS.**

7        *Congress makes the following findings:*

8                *(1) In 1936, most of the rural United States did*  
 9                *not have access to electrical service enjoyed by the rest*  
 10                *of the United States, and this lack of electrical service*  
 11                *inhibited economic development in the rural areas of*  
 12                *the United States.*

13                *(2) In response to this lack of service, Congress*  
 14                *enacted the Rural Electrification Act of 1936 (also*  
 15                *known as the Norris-Rayburn Rural Electrification*  
 16                *Act) which established the Rural Electrification Ad-*

1        *ministration to ensure that all Americans have access*  
2        *to electrical service and to promote rural development.*

3            *(3) The program under the Rural Electrification*  
4        *Act of 1936 has successfully brought electricity to all*  
5        *parts of the rural United States and has stimulated*  
6        *rural development throughout the United States.*

7            *(4) In 1949, most of the rural United States did*  
8        *not have access to telephone service enjoyed by the rest*  
9        *of the United States, and this lack of telephone service*  
10       *inhibited economic development in the rural areas of*  
11       *the United States.*

12           *(5) In response to this lack of service, Congress*  
13        *amended the Rural Electrification Act of 1936 to as-*  
14        *sure that the rural United States has access to tele-*  
15        *communications services, including telephone services,*  
16        *distance learning, and telemedicine in order to pro-*  
17        *mote rural development.*

18           *(6) The programs under these amendments have*  
19        *successfully brought telecommunications to all parts*  
20        *of the United States and has stimulated rural devel-*  
21        *opment throughout the United States.*

22           *(7) Public Law 93–32 amended the Rural Elec-*  
23        *trification Act of 1936 to establish a revolving fund*  
24        *for insured and guaranteed loans.*

1           (8) *The reorganization of the Department of Ag-*  
2           *riculture by Public Law 103–354 created the Rural*  
3           *Utilities Service (RUS) within the Department of Ag-*  
4           *riculture and assigned it the responsibility for admin-*  
5           *istering programs under the Rural Electrification Act*  
6           *of 1936.*

7           (9) *The Rural Utilities Service now manages a*  
8           *portfolio of federally-guaranteed and direct loans in*  
9           *excess of \$42,000,000,000.*

10          (10) *The Rural Utilities Service has granted*  
11          *loans for the purpose of telecommunications services*  
12          *to more than 800 borrowers, including telephone and*  
13          *electricity cooperatives, in all States of the United*  
14          *States.*

15          (11) *Local television coverage is vitally impor-*  
16          *tant for rural development efforts.*

17          (12) *Local television programming broadcasts*  
18          *crop reports, local news, weather reports, public serv-*  
19          *ice announcements, and advertisements by local busi-*  
20          *nesses, all of which are important for rural develop-*  
21          *ment.*

22          (13) *In today’s age of modern communications,*  
23          *rural communities often receive the majority of their*  
24          *information from satellite platforms.*

1           (14) *The rest of the United States, including*  
 2           *most of the rural United States, is not able to receive*  
 3           *local television signals via satellite.*

4           (15) *Without access to local television signals,*  
 5           *the development of the rural United States is greatly*  
 6           *inhibited.*

7           (16) *Just as important public purposes were*  
 8           *served by bringing electricity to the rural United*  
 9           *States and then by bringing telephone service to the*  
 10          *rural United States, so the United States would be*  
 11          *served by ensuring that the rural United States can*  
 12          *receive local television signals via satellite.*

13          (17) *It is in the public interest that the Rural*  
 14          *Utilities Service of the Department of Agriculture uti-*  
 15          *lize existing and new loan guarantee programs to*  
 16          *promote rural development by ensuring that the rural*  
 17          *United States has access to the signals of local tele-*  
 18          *vision stations by multichannel video providers.*

19 **SEC. 3. RURAL LOCAL TELEVISION SIGNALS.**

20          *The Rural Electrification Act of 1936 (7 U.S.C. 901*  
 21          *et seq.) is amended by adding at the end the following:*

22                   **“TITLE VI—RURAL LOCAL**  
 23                   **TELEVISION SIGNALS**

24           **“SEC. 601. DEFINITIONS.**

25           *“In this title:*

1           “(1) *ADMINISTRATOR.*—*The term ‘Adminis-*  
2           *trator’ means the Administrator of the Rural Utilities*  
3           *Service.*

4           “(2) *AFFILIATE.*—*The term ‘affiliate’ means any*  
5           *person or entity that controls, or is controlled by, or*  
6           *is under common control with, another person or en-*  
7           *tity.*

8           “(3) *BORROWER.*—*The term ‘borrower’ means*  
9           *any person or entity receiving a loan guarantee*  
10          *under this title.*

11          “(4) *COST.*—

12               “(A) *IN GENERAL.*—*The term ‘cost’ means*  
13               *the estimated long-term cost to the Government*  
14               *of a loan guarantee or modification thereof, cal-*  
15               *culated on a net present value basis, excluding*  
16               *administrative costs and any incidental effects*  
17               *on governmental receipts or outlays.*

18               “(B) *LOAN GUARANTEES.*—*For purposes of*  
19               *this paragraph the cost of a loan guarantee—*

20                       “(i) *shall be the net present value, at*  
21                       *the time when the guaranteed loan is dis-*  
22                       *bursed, of the estimated cash flows of—*

23                               “(I) *payments by the Government*  
24                               *to cover defaults and delinquencies, in-*  
25                               *terest subsidies, or other payments; and*



1                   “(II) *payments to the Govern-*  
2                   *ment, including origination and other*  
3                   *fees, penalties, and recoveries; and*

4                   “(ii) *shall include the effects of changes*  
5                   *in loan terms resulting from the exercise by*  
6                   *the guaranteed lender of an option included*  
7                   *in the loan guarantee contract, or by the*  
8                   *borrower of an option included in the guar-*  
9                   *anteed loan contract.*

10                  “(C) *COST OF MODIFICATION.—The cost of*  
11                  *the modification shall be the difference between*  
12                  *the current estimate of the net present value of*  
13                  *the remaining cash flows under the terms of a*  
14                  *loan guarantee contract, and the current esti-*  
15                  *mate of the net present value of the remaining*  
16                  *cash flows under the terms of the contract, as*  
17                  *modified.*

18                  “(D) *DISCOUNT RATE.—In estimating net*  
19                  *present value, the discount rate shall be the aver-*  
20                  *age interest rate on marketable Treasury securi-*  
21                  *ties of similar maturity to the cash flows of the*  
22                  *guarantee for which the estimate is being made.*

23                  “(E) *FISCAL YEAR ASSUMPTIONS.—When*  
24                  *funds of a loan guarantee under this title are ob-*  
25                  *ligated, the estimated cost shall be based on the*

1           *current assumptions, adjusted to incorporate the*  
2           *terms of the loan contract, for the fiscal year in*  
3           *which the funds are obligated.*

4           “(5) *CURRENT*.—The term ‘current’ has the  
5           meaning given that term in section 250(c)(9) of the  
6           *Balanced Budget and Emergency Deficit Control Act*  
7           *of 1985.*

8           “(6) *DESIGNATED MARKET AREA*.—The term  
9           ‘designated market area’ has the meaning given that  
10          term in section 122(j) of title 17, *United States Code*.

11          “(7) *LOAN GUARANTEE*.—The term ‘loan guar-  
12          antee’ means any guarantee, insurance, or other  
13          pledge with respect to the payment of all or part of  
14          the principal or interest on any debt obligation of a  
15          non-Federal borrower to the Federal Financing Bank  
16          or a non-Federal lender, but does not include the in-  
17          surance of deposits, shares, or other withdrawable ac-  
18          counts in financial institutions.

19          “(8) *MODIFICATION*.—The term ‘modification’  
20          means any Government action that alters the esti-  
21          mated cost of an outstanding loan guarantee (or loan  
22          guarantee commitment) from the current estimate of  
23          cash flows, including the sale of loan assets, with or  
24          without recourse, and the purchase of guaranteed  
25          loans.

1           “(9) *COMMON TERMS.*—*Except as provided in*  
2           *paragraphs (1) through (9), any term used in this*  
3           *title that is defined in the Communications Act of*  
4           *1934 (47 U.S.C. 151 et seq.) has the meaning given*  
5           *the term in that Act.*

6   **“SEC. 602. LOAN GUARANTEES.**

7           “(a) *PURPOSE.*—*The purpose of this title is to enable*  
8           *the Administrator to provide such loan guarantees as are*  
9           *necessary to ensure improved access to the signals of local*  
10          *television stations by multichannel video providers to all*  
11          *households which desire such service in unserved and under-*  
12          *served rural markets by December 31, 2006.*

13          “(b) *ASSISTANCE TO BORROWERS.*—*Subject to the ap-*  
14          *propriations limitation under subsection (c)(2), the Admin-*  
15          *istrator may provide loan guarantees to borrowers to fi-*  
16          *nance projects to provide local television broadcast signals*  
17          *by providers of multichannel video services including direct*  
18          *broadcast satellite licensees and licensees of multichannel*  
19          *multipoint distribution systems, to areas that do not receive*  
20          *local television broadcast signals over commercial for-profit*  
21          *direct-to-home satellite distribution systems. A borrower*  
22          *that receives a loan guarantee under this title may not*  
23          *transfer any part of the proceeds of the monies from the*  
24          *loans guaranteed under this program to an affiliate of the*  
25          *borrower.*

1       “(c) *UNDERWRITING CRITERIA; PREREQUISITES.*—

2               “(1) *IN GENERAL.*—*The Administrator shall ad-*  
3       *minister the underwriting criteria developed under*  
4       *subsection (f)(1) to determine which loans are eligible*  
5       *for a guarantee under this title.*

6               “(2) *AUTHORITY TO MAKE LOAN GUARANTEES.*—  
7       *The Administrator shall be authorized to guarantee*  
8       *loans under this title only to the extent provided for*  
9       *in advance by appropriations Acts.*

10              “(3) *PREREQUISITES.*—*In addition to meeting*  
11       *the underwriting criteria under paragraph (1), a*  
12       *loan is not eligible for a loan guarantee under this*  
13       *title unless—*

14                      “(A) *the loan is made to finance the acqui-*  
15       *sition, improvement, enhancement, construction,*  
16       *deployment, launch, or rehabilitation of the*  
17       *means, including spectrum rights, by which local*  
18       *television broadcast signals will be delivered to*  
19       *an area not receiving such signals over commer-*  
20       *cial for-profit direct-to-home satellite distribu-*  
21       *tion systems;*

22                      “(B) *the proceeds of the loan will not be*  
23       *used for operating expenses;*

24                      “(C) *the total amount of all such loans may*  
25       *not exceed in the aggregate \$1,250,000,000;*

1           “(D) the loan does not exceed \$100,000,000,  
2           except that 1 loan under this title may exceed  
3           \$100,000,000, but shall not exceed \$625,000,000;

4           “(E) the loan bears interest and penalties  
5           which, in the Administrator’s judgment, are not  
6           unreasonable, taking into consideration the pre-  
7           vailing interest rates and customary fees in-  
8           curred under similar obligations in the private  
9           capital market; and

10           “(F) the Administrator determines that tak-  
11           ing into account the practices of the private cap-  
12           ital markets with respect to the financing of  
13           similar projects, the security of the loan is ade-  
14           quate.

15           “(4) *ADDITIONAL CRITERIA.*—In addition to the  
16           requirements of paragraphs (1), (2), and (3), a loan  
17           for which a guarantee is sought under this title shall  
18           meet any additional criteria promulgated under sub-  
19           section (f)(1).

20           “(d) *ADDITIONAL REQUIREMENTS.*—The Adminis-  
21           trator may not make a loan guarantee under this title  
22           unless—

23           “(1) repayment of the loan is required to be  
24           made within a term of the lesser of—

1                   “(A) 25 years from the date of its execution;

2                   or

3                   “(B) the useful life of the primary assets  
4                   used in the delivery of relevant signals;

5                   “(2) the Administrator has been given the assur-  
6                   ances and documentation necessary to review and ap-  
7                   prove the guaranteed loans; and

8                   “(3) the Administrator makes a determination  
9                   in writing that—

10                   “(A) the applicant has given reasonable as-  
11                   surances that the assets, facilities, or equipment  
12                   will be utilized economically and efficiently;

13                   “(B) necessary and sufficient regulatory ap-  
14                   provals, spectrum rights, and delivery permis-  
15                   sions have been received or will be obtained by  
16                   project participants to assure the financial feasi-  
17                   bility of the project; and

18                   “(C) repayment of the loan can reasonably  
19                   be expected, including the use of an appropriate  
20                   combination of credit risk premiums and collat-  
21                   eral offered by the applicant to protect the Fed-  
22                   eral Government.

23                   “(e) APPROVAL OF NTIA REQUIRED.—

24                   “(1) IN GENERAL.—The Administrator may not  
25                   issue a loan guarantee under this title unless the Na-

1        *tional Telecommunications and Information Admin-*  
2        *istration consults with the Administrator and certifies*  
3        *that the issuance of the loan guarantee is consistent*  
4        *with subsection (a).*

5            “(2) *CERTIFICATION.*—*The Administrator shall*  
6        *provide the appropriate information on each loan*  
7        *guarantee application recommended by the Adminis-*  
8        *trator to the National Telecommunications and Infor-*  
9        *mation Administration for certification. If the Na-*  
10       *tional Telecommunications and Information Admin-*  
11       *istration fails to make the required determination*  
12       *within 90 days after receiving the information from*  
13       *the Administrator with respect to a particular loan*  
14       *guarantee application, the certification shall be*  
15       *deemed to have been granted.*

16        “(f) *REQUIREMENTS.*—

17            “(1) *IN GENERAL.*—*Not later than 180 days*  
18        *after the date of enactment of this title, the Adminis-*  
19        *trator shall consult with an appropriate independent*  
20        *consultant, including a public accounting firm, to de-*  
21        *velop underwriting criteria relating to the issuance of*  
22        *loan guarantees, appropriate collateral and cash flow*  
23        *levels for the types of loan guarantees that might be*  
24        *issued under this title, and such other matters as the*  
25        *Administrator determines appropriate.*

1           “(2) *AUTHORITY OF ADMINISTRATOR.*—*In lieu of*  
2           *or in combination with appropriations of budget au-*  
3           *thority to cover the costs of loan guarantees as re-*  
4           *quired under section 504(b)(1) of the Federal Credit*  
5           *Reform Act of 1990, the Administrator may accept on*  
6           *behalf of an applicant for assistance under this title*  
7           *a commitment from a non-Federal source to fund in*  
8           *whole or in part the credit risk premiums with re-*  
9           *spect to the applicant’s loan. The aggregate of appro-*  
10          *priations of budget authority and credit risk pre-*  
11          *miums described in this paragraph with respect to a*  
12          *loan guarantee may not be less than the cost of that*  
13          *loan guarantee.*

14          “(3) *CREDIT RISK PREMIUM AMOUNT.*—*The Ad-*  
15          *ministrator shall determine the amount required for*  
16          *credit risk premiums under this subsection on the*  
17          *basis of—*

18                  “(A) *the circumstances of the applicant, in-*  
19                  *cluding the amount of collateral offered;*

20                  “(B) *the proposed schedule of loan disburse-*  
21                  *ments;*

22                  “(C) *the borrower’s business plans for pro-*  
23                  *viding service;*

24                  “(D) *financial commitment from the broad-*  
25                  *cast signal provider; and*



1           “(E) any other factors the Administrator  
2           considers relevant.

3           “(4) PAYMENT OF PREMIUMS.—Credit risk pre-  
4           miums under this subsection shall be paid to an ac-  
5           count established in the Treasury which shall accrue  
6           interest and such interest shall be retained by the ac-  
7           count. In addition, the Administrator may accept  
8           credit risk premiums in the form of letters of credit  
9           or other forms of non-cash instruments, which shall  
10          not accrue interest. As obligations attached to a co-  
11          hort of loans established under paragraph (5) are  
12          being satisfied, credit risk premiums for the cohort,  
13          and interest accrued thereon, which are not required  
14          to mitigate losses shall be returned to the original  
15          source on a pro rata basis.

16          “(5) COHORTS OF LOANS.—In order to maintain  
17          sufficient balances of credit risk premiums to ade-  
18          quately protect the Federal Government from risk of  
19          default, while minimizing the length of time the Gov-  
20          ernment retains possession of those balances, the Ad-  
21          ministrator in consultation with the Office of Man-  
22          agement and Budget shall establish cohorts of loans.

23          “(g) CONDITIONS OF ASSISTANCE.—A borrower shall  
24          agree to such terms and conditions as are sufficient, in the  
25          judgment of the Administrator to ensure that, as long as

1 *any principal or interest is due and payable on such obliga-*  
 2 *tion, the borrower—*

3           “(1) *will maintain assets, equipment, facilities,*  
 4           *and operations on a continuing basis;*

5           “(2) *will not make any discretionary dividend*  
 6           *payments that reduce the ability to repay obligations*  
 7           *incurred under this section; and*

8           “(3) *will remain sufficiently capitalized.*

9           “(h) *LIEN ON INTERESTS IN ASSETS.—Upon pro-*  
 10 *viding a loan guarantee to a borrower under this title, the*  
 11 *Administrator shall have liens which shall be superior to*  
 12 *all other liens on assets of the borrower equal to the unpaid*  
 13 *balance of the loan subject to such guarantee.*

14           “(i) *SUBORDINATION OR SHARING OF LIENS.—Not-*  
 15 *withstanding subsection (h), at the request of a private lend-*  
 16 *er providing financing to the borrower for the purposes set*  
 17 *forth in subsection (a), the Administrator may offer—*

18           “(1) *to share the Government’s lien on the bor-*  
 19           *rower’s assets; or*

20           “(2) *to subordinate the Government’s lien on the*  
 21           *borrower’s assets.*

22           “(j) *PERFECTED INTEREST.—The Administrator and*  
 23 *the lender shall have a perfected security interest in those*  
 24 *assets of the borrower fully sufficient to protect the Adminis-*  
 25 *trator and the lender.*

1       “(k) *INSURANCE POLICIES.*—*In accordance with prac-*  
 2 *tices of private lenders, as determined by the Administrator,*  
 3 *the borrower shall obtain, at its expense, insurance suffi-*  
 4 *cient to protect the interests of the Federal Government, as*  
 5 *determined by the Administrator.*

6       “(l) *AUTHORIZATION OF APPROPRIATIONS.*—*For the*  
 7 *additional costs of the loans guaranteed under this title, in-*  
 8 *cluding the cost of modifying the loans as defined in section*  
 9 *502 of the Congressional Budget Act of 1974 (2 U.S.C.*  
 10 *661(a)), there are authorized to be appropriated for fiscal*  
 11 *years 2000 through 2006, such amounts as may be nec-*  
 12 *essary. In addition there are authorized to be appropriated*  
 13 *such sums as may be necessary to administer this title. Any*  
 14 *amounts appropriated under this subsection shall remain*  
 15 *available until expended.*

16       **“SEC. 603. ADMINISTRATION OF LOAN GUARANTEES.**

17       “(a) *APPLICATIONS.*—*The Administrator shall pre-*  
 18 *scribe the form and contents for an application for a loan*  
 19 *guarantee under section 602.*

20       “(b) *ASSIGNMENT OF LOAN GUARANTEES.*—*The holder*  
 21 *of a loan guaranteed under this title may assign the loan*  
 22 *guarantee in whole or in part, subject to such requirements*  
 23 *as the Administrator may prescribe.*

24       “(c) *MODIFICATIONS.*—*The Administrator may ap-*  
 25 *prove the modification of any term or condition of a loan*

1 *guarantee including the rate of interest, time of payment*  
 2 *of interest or principal, or security requirements, if—*

3 *“(1) the Administrator finds in writing that—*

4 *“(A) the modification is equitable and is in*  
 5 *the overall best interests of the United States;*

6 *“(B) consent has been obtained from the*  
 7 *borrower and the lender;*

8 *“(C) the modification is consistent with the*  
 9 *objective underwriting criteria developed in con-*  
 10 *sultation with an appropriate independent con-*  
 11 *sultant, including a public accounting firm,*  
 12 *under section 602(f);*

13 *“(D) the modification does not adversely af-*  
 14 *fect the Federal Government’s interest in the en-*  
 15 *tity’s assets or loan collateral; and*

16 *“(E) the modification does not adversely af-*  
 17 *fect the entity’s ability to repay the loan; and*

18 *“(2) the National Telecommunications and In-*  
 19 *formation Administration does not object to the modi-*  
 20 *fication on the ground that it is inconsistent with the*  
 21 *certification under section 602(e).*

22 *“(d) PRIORITY MARKETS.—*

23 *“(1) IN GENERAL.—To the maximum extent*  
 24 *practicable, the Administrator shall give priority to*  
 25 *projects which serve the most underserved rural mar-*

1        *kets, as determined by the Administrator. In making*  
 2        *prioritization determinations, the Administrator shall*  
 3        *consider prevailing market conditions, feasibility of*  
 4        *providing service, population, terrain, and other fac-*  
 5        *tors the Administrator determines appropriate.*

6                *“(2) PRIORITY RELATING TO CONSUMER COSTS*  
 7        *AND SEPARATE TIER OF SIGNALS.—The Adminis-*  
 8        *trator shall give priority to projects that—*

9                        *“(A) offer a separate tier of local broadcast*  
 10        *signals; and*

11                        *“(B) provide lower projected costs to con-*  
 12        *sumers of such separate tier.*

13                *“(3) PERFORMANCE SCHEDULES.—Applicants*  
 14        *under this section shall enter into stipulated perform-*  
 15        *ance schedules with the Administrator.*

16                *“(4) PENALTY.—In addition to any other au-*  
 17        *thority of the Administrator, the Administrator may*  
 18        *assess a borrower a penalty not to exceed 3 times the*  
 19        *interest due on the guaranteed loan, if the borrower*  
 20        *fails to meet its stipulated performance schedule. The*  
 21        *penalty shall be paid to the account established under*  
 22        *section 602.*

23                *“(5) LIMITATION ON CONSIDERATION OF MOST*  
 24        *POPULATED AREAS.—The Administrator shall not*  
 25        *provide a loan guarantee for a project that is pri-*

1        *marily designed to serve the 40 most populated des-*  
2        *ignated market areas and shall take into consider-*  
3        *ation the importance of serving rural markets that*  
4        *are not likely to be otherwise offered service under sec-*  
5        *tion 122 of title 17, United States Code, except*  
6        *through the loan guarantee program under this title.*

7        *“(e) COMPLIANCE.—The Administrator shall enforce*  
8        *compliance by an applicant and any other party to the loan*  
9        *guarantee for whose benefit assistance is intended, with the*  
10       *provisions of this title, regulations issued hereunder, and*  
11       *the terms and conditions of the loan guarantee, including*  
12       *through regular periodic inspections and audits.*

13       *“(f) COMMERCIAL VALIDITY.—For purposes of claims*  
14       *by any party other than the Administrator, a loan guar-*  
15       *antee shall be conclusive evidence that the underlying obli-*  
16       *gation is in compliance with the provisions of the title, and*  
17       *that such obligation has been approved and is legal as to*  
18       *principal, interest, and other terms. Such a guarantee shall*  
19       *be valid and incontestable in the hands of a holder thereof,*  
20       *including the original lender or any other holder, as of the*  
21       *date when the Administrator granted the application there-*  
22       *fore, except as to fraud or material misrepresentation by*  
23       *such holder.*

1       “(g) *DEFAULTS.*—*The Administrator shall prescribe*  
2 *regulations governing a default on a loan guaranteed under*  
3 *this title.*

4       “(h) *RIGHTS OF THE ADMINISTRATOR.*—

5               “(1) *SUBROGATION.*—*If the Administrator au-*  
6 *thorizes payment to a holder, or a holder’s agent,*  
7 *under subsection (g) in connection with a loan guar-*  
8 *antee made under section 602, the Administrator*  
9 *shall be subrogated to all of the rights of the holder*  
10 *with respect to the obligor under the loan.*

11              “(2) *DISPOSITION OF PROPERTY.*—*The Adminis-*  
12 *trator may complete, recondition, reconstruct, ren-*  
13 *ovate, repair, maintain, operate, rent, sell, or other-*  
14 *wise dispose of any property or other interests ob-*  
15 *tained under this title in a manner that maximizes*  
16 *taxpayer return and is consistent with the public con-*  
17 *venience and necessity.*

18       “(i) *ACTION AGAINST OBLIGOR.*—*The Administrator*  
19 *may bring a civil action in an appropriate district court*  
20 *of the United States in the name of the United States or*  
21 *of the holder of the obligation in the event of a default on*  
22 *a loan guaranteed under this title. The holder of a guar-*  
23 *antee shall make available to the Administrator all records*  
24 *and evidence necessary to prosecute the civil action. The*  
25 *Administrator may accept property in full or partial satis-*

1 *faction of any sums owed as a result of default. If the Ad-*  
 2 *ministrator receives, through the sale or other disposition*  
 3 *of such property, an amount greater than the aggregate of—*

4           “(1) *the amount paid to the holder of a guar-*  
 5 *antee under subsection (g); and*

6           “(2) *any other cost to the United States of rem-*  
 7 *edying the default, the Administrator shall pay such*  
 8 *excess to the obligor.*

9           “(j) *BREACH OF CONDITIONS.—The Attorney General*  
 10 *shall commence a civil action in a court of appropriate ju-*  
 11 *risdiction to enjoin any activity which the Administrator*  
 12 *finds is in violation of this title, regulations issued here-*  
 13 *under, or any conditions which were duly agreed to, and*  
 14 *to secure any other appropriate relief, including relief*  
 15 *against any affiliate of the borrower.*

16           “(k) *ATTACHMENT.—No attachment or execution may*  
 17 *be issued against the Administrator or any property in the*  
 18 *control of the Administrator prior to the entry of final judg-*  
 19 *ment to such effect in any State, Federal, or other court.*

20           “(l) *INVESTIGATION CHARGE AND FEES.—*

21           “(1) *APPRAISAL FEE.—The Administrator may*  
 22 *charge and collect from an applicant a reasonable fee*  
 23 *for appraisal for the value of the equipment or facili-*  
 24 *ties for which the loan guarantee is sought, and for*  
 25 *making necessary determinations and findings. The*



1       *fee may not, in the aggregate, be more than one-half*  
2       *of one percent of the principal amount of the obliga-*  
3       *tion.*

4               “(2) *LOAN ORIGATION FEE.*—*The Adminis-*  
5       *trator may charge a loan origination fee.*

6               “(3) *USE OF FEES.*—*Fees collected pursuant to*  
7       *this subsection shall be credited to the account which*  
8       *administers the loan guarantee program under this*  
9       *title. Such fees shall be made available to the Admin-*  
10       *istrator without further appropriation and shall re-*  
11       *main available until expended.*

12              “(m) *ANNUAL AUDIT.*—*The Comptroller General of the*  
13       *United States shall annually audit the administration of*  
14       *this title and report the results of the audit to the Committee*  
15       *on Agriculture, Nutrition, and Forestry of the Senate and*  
16       *the Committee on Agriculture of the House of Representa-*  
17       *tives.*

18              “(n) *INDEMNIFICATION.*—*An affiliate of the borrower*  
19       *shall indemnify the Government for any losses it incurs as*  
20       *a result of—*

21                   “(1) *a judgment against the borrower;*

22                   “(2) *any breach by the borrower of its obliga-*  
23       *tions under the loan guarantee agreement;*

24                   “(3) *any violation of the provisions of this title*  
25       *by the borrower;*

6       “(o) *SUNSET.*—*The Administrator may not approve a*  
7 *loan guarantee under this title after December 31, 2006.*

10           “A borrower shall be subject to applicable rights, obli-  
11 gations, and limitations of title 17, United States Code. If  
12 a local broadcast station requests carriage of its signal and  
13 is located in a market not served by a satellite carrier pro-  
14 viding service under a statutory license under section 122  
15 of title 17, United States Code, the borrower shall carry  
16 the signal of that station without charge and shall be subject  
17 to the applicable rights, obligations, and limitations of sec-  
18 tions 338, 614, and 615 of the Communications Act of  
19 1934.”.

(a) **SHORT TITLE.**—This Act may be cited as the “Rural Local Broadcast Signal Act”.

**Sec. 1. Short title; table of contents.**  
**Sec. 2. Purpose.**  
**Sec. 3. Rural television loan guarantee board.**

- Sec. 4. Approval of loan guarantees.
- Sec. 5. Administration of loan guarantees.
- Sec. 6. Prohibition on use of funds for spectrum auctions.
- Sec. 7. Prohibition on use of funds by incumbent cable operators.
- Sec. 8. Annual audit.
- Sec. 9. Exemption from must carry requirements.
- Sec. 10. Additional availability of broadcast signals in rural areas.
- Sec. 11. Prevention of interference to satellite services applying for rural loan guarantees.
- Sec. 12. Improved cellular service in rural areas.
- Sec. 13. Technical amendment.
- Sec. 14. Definitions.
- Sec. 15. Authorizations of appropriations.
- Sec. 16. Sunset.

1 SEC. 2. PURPOSE.

2       **The purpose of this Act is to facilitate ac-**  
 3 **cess, on a technologically neutral basis and by**  
 4 **December 31, 2006, to signals of local tele-**  
 5 **vision stations for households located in**  
 6 **unserved areas.**

7 SEC. 3. RURAL TELEVISION LOAN GUARANTEE BOARD.

8       **(a) ESTABLISHMENT.—There is established**  
 9 **the Rural Television Loan Guarantee Board**  
 10 **(in this Act referred to as the “Board”).**

11       **(b) MEMBERS.—**

12               **(1) IN GENERAL.—Subject to paragraph**  
 13 **(2), the Board shall consist of the fol-**  
 14 **lowing members:**

15                       **(A) The Secretary of the Treasury,**  
 16 **or the designee of the Secretary.**

17                       **(B) The Secretary of Agriculture,**  
 18 **or the designee of the Secretary.**

1           **(C) The Secretary of Commerce,**  
2           **or the designee of the Secretary.**

3           **(2) REQUIREMENT AS TO DESIGNEES.—**

4           **An individual may not be designated a**  
5           **member of the Board under paragraph**  
6           **(1) unless the individual is an officer of**  
7           **the United States pursuant to an appoint-**  
8           **ment by the President, by and with the**  
9           **advice and consent of the Senate.**

10          **(c) FUNCTIONS OF THE BOARD.—**

11           **(1) IN GENERAL.—The Board shall de-**  
12           **termine whether or not to approve loan**  
13           **guarantees under this Act. The Board**  
14           **shall make such determinations con-**  
15           **sistent with the purpose of this Act and**  
16           **in accordance with this subsection and**  
17           **section 4 of this Act.**

18           **(2) CONSULTATION AUTHORIZED.—**

19           **(A) IN GENERAL.—In carrying out**  
20           **its functions under this Act, the**  
21           **Board shall consult with such depart-**  
22           **ments and agencies of the Federal**  
23           **Government as the Board considers**  
24           **appropriate, including the Depart-**  
25           **ment of Commerce, the Department**

1 of Agriculture, the Department of the  
2 Treasury, the Department of Justice,  
3 the Department of the Interior, the  
4 Board of Governors of the Federal  
5 Reserve System, the Federal Commu-  
6 nications Commission, the Federal  
7 Trade Commission, and the National  
8 Aeronautics and Space Administra-  
9 tion.

10 (B) RESPONSE.—A department or  
11 agency consulted by the Board under  
12 subparagraph (A) shall provide the  
13 Board such expertise and assistance  
14 as the Board requires to carry out its  
15 functions under this Act.

16 (3) APPROVAL BY MAJORITY VOTE.—The  
17 determination of the Board to approve a  
18 loan guarantee under this Act shall be by  
19 a vote of a majority of the Board.

20 SEC. 4. APPROVAL OF LOAN GUARANTEES.

21 (a) AUTHORITY TO APPROVE LOAN GUARAN-  
22 TEES.—Subject to the provisions of this sec-  
23 tion and consistent with the purpose of this  
24 Act, the Board may approve loan guarantees  
25 under this Act.

1       **(b) REGULATIONS.—**

2           **(1) REQUIREMENTS.—**The Adminis-  
3       trator (as defined in section 5 of this Act),  
4       under the direction of and for approval  
5       by the Board, shall prescribe regulations  
6       to implement the provisions of this Act  
7       and shall do so not later than 120 days  
8       after funds authorized to be appropriated  
9       under section 15 of this Act have been ap-  
10      propriated in a bill signed into law.

11          **(2) ELEMENTS.—**The regulations pre-  
12      scribed under paragraph (1) shall—

13            **(A)** set forth the form of any ap-  
14            plication to be submitted to the  
15            Board under this Act;

16            **(B)** set forth time periods for the  
17            review and consideration by the  
18            Board of applications to be submitted  
19            to the Board under this Act, and for  
20            any other action to be taken by the  
21            Board with respect to such applica-  
22            tions;

23            **(C)** provide appropriate safe-  
24            guards against the evasion of the pro-  
25            visions of this Act;

1           **(D) set forth the circumstances in**  
2           **which an applicant, together with**  
3           **any affiliate of an applicant, shall be**  
4           **treated as an applicant for a loan**  
5           **guarantee under this Act;**

6           **(E) include requirements that ap-**  
7           **propriate parties submit to the Board**  
8           **any documents and assurances that**  
9           **are required for the administration of**  
10          **the provisions of this Act; and**

11          **(F) include such other provisions**  
12          **consistent with the purpose of this**  
13          **Act as the Board considers appro-**  
14          **priate.**

15          **(3) CONSTRUCTION.—(A) Nothing in**  
16          **this Act shall be construed to prohibit the**  
17          **Board from requiring, to the extent and**  
18          **under circumstances considered appro-**  
19          **priate by the Board, that affiliates of an**  
20          **applicant be subject to certain obliga-**  
21          **tions of the applicant as a condition to**  
22          **the approval or maintenance of a loan**  
23          **guarantee under this Act.**

24          **(B) If any provision of this Act or the**  
25          **application of such provision to any per-**

1 son or entity or circumstance is held to  
2 be invalid by a court of competent juris-  
3 diction, the remainder of this Act, or the  
4 application of such provision to such per-  
5 son or entity or circumstance other than  
6 those as to which it is held invalid, shall  
7 not be affected thereby.

8 (c) **AUTHORITY LIMITED BY APPROPRIATIONS**  
9 **ACTS.**—The Board may approve loan guaran-  
10 tees under this Act only to the extent pro-  
11 vided for in advance in appropriations Acts.

12 (d) **REQUIREMENTS AND CRITERIA APPLICA-**  
13 **BLE TO APPROVAL.**—

14 (1) **IN GENERAL.**—The Board shall uti-  
15 lize the underwriting criteria developed  
16 under subsection (g), and any relevant in-  
17 formation provided by the departments  
18 and agencies with which the Board  
19 consults under section 3, to determine  
20 which loans may be eligible for a loan  
21 guarantee under this Act.

22 (2) **PREREQUISITES.**—In addition to  
23 meeting the underwriting criteria under  
24 paragraph (1), a loan may not be guaran-  
25 teed under this Act unless—



1           (A) the loan is made to finance  
2           the acquisition, improvement, en-  
3           hancement, construction, deploy-  
4           ment, launch, or rehabilitation of the  
5           means by which local television  
6           broadcast signals will be delivered  
7           principally to an unserved area;

8           (B) the proceeds of the loan will  
9           not be used for operating, adver-  
10          tising, or promotion expenses;

11          (C) the proposed project, as deter-  
12          mined by the National Telecommuni-  
13          cations and Information Administra-  
14          tion, is not likely to have a substan-  
15          tial adverse impact on competition  
16          that outweighs the benefits of im-  
17          proving access to the signals of a  
18          local television station in an unserved  
19          area, and is commercially viable;

20          (D) the loan is provided by—

21               (i) an insured depository in-  
22               stitution (as that term is defined  
23               in section 3 of the Federal De-  
24               posit Insurance Act) that is ac-  
25               ceptable to the Board; or

1                   (ii) a lender that is acceptable  
2                   to the Board, and—

3                   (I) has not fewer than one  
4                   issue of outstanding debt that  
5                   is related within the highest  
6                   three rating categories of a  
7                   nationally recognized statis-  
8                   tical rating agency; or

9                   (II) has provided financ-  
10                  ing to entities with out-  
11                  standing debt from the Rural  
12                  Utilities Service and which  
13                  possess, in the judgment of  
14                  the Board, the expertise, ca-  
15                  pacity, and capital strength to  
16                  provide financing pursuant to  
17                  this Act;

18                 (E) the loan has terms, in the  
19                 judgment of the Board, that are con-  
20                 sistent in material respects with the  
21                 terms of similar obligations in the  
22                 private capital market;

23                 (F) repayment of the loan is re-  
24                 quired to be made within a term of  
25                 the lesser of—

1           (i) 25 years from the date of  
2           the execution of the loan; or

3           (ii) the economically useful  
4           life, as determined by the Board  
5           or in consultation with persons or  
6           entities deemed appropriate by  
7           the Board, of the primary assets  
8           to be used in the delivery of the  
9           signals concerned; and

10          (G) the loan meets any additional  
11          criteria developed under subsection  
12          (g).

13          (3) PROTECTION OF UNITED STATES FI-  
14          NANCIAL INTERESTS.—The Board may not  
15          approve the guarantee of a loan under  
16          this Act unless—

17                (A) the Board has been given doc-  
18                umentation, assurances, and access to  
19                information, persons, and entities  
20                necessary, as determined by the  
21                Board, to address issues relevant to  
22                the review of the loan by the Board  
23                for purposes of this Act; and

24                (B) the Board makes a determina-  
25                tion in writing that—

1           (i) to the best of its knowledge  
2           upon due inquiry, the assets, fa-  
3           cilities, or equipment covered by  
4           the loan will be utilized economi-  
5           cally and efficiently;

6           (ii) the terms, conditions, se-  
7           curity, and schedule and amount  
8           of repayments of principal and  
9           the payment of interest with re-  
10          spect to the loan protect the fi-  
11          nancial interests of the United  
12          States and are reasonable;

13          (iii) to the extent possible, the  
14          value of collateral provided by an  
15          applicant is at least equal to the  
16          unpaid balance of the loan  
17          amount covered by the loan guar-  
18          antee (the “Amount” for purposes  
19          of this clause); and if the value of  
20          collateral provided by an appli-  
21          cant is less than the Amount, the  
22          additional required collateral is  
23          provided by any affiliate of the  
24          applicant; and if the combined  
25          value of collateral provided by an

1           applicant and any affiliate is not  
2           at least equal to the Amount, the  
3           collateral from such affiliate rep-  
4           resents all of such affiliate's as-  
5           sets;

6           (iv) all necessary and re-  
7           quired regulatory and other ap-  
8           provals, spectrum rights, and de-  
9           livery permissions have been re-  
10          ceived for the loan, the project  
11          under the loan, and the Other  
12          Debt, if any, under subsection  
13          (f)(2)(B);

14          (v) the loan would not be  
15          available on reasonable terms and  
16          conditions without a loan guar-  
17          antee under this Act; and

18          (vi) repayment of the loan can  
19          reasonably be expected.

20       (e) CONSIDERATIONS.—

21           (1) TYPE OF MARKET.—

22           (A) PRIORITY CONSIDERATIONS.—To  
23           the maximum extent practicable, the  
24           Board shall give priority in the ap-  
25           proval of loan guarantees under this

1       Act to projects that will serve the  
2       greatest number of households in  
3       unserved areas. In each instance, the  
4       Board shall consider the project's es-  
5       timated cost per household to be  
6       served.

7               **(B) PROHIBITION.**—The Board may  
8       not approve a loan guarantee under  
9       this Act for a project that is designed  
10      primarily to serve 1 or more of the 40  
11      most populated designated market  
12      areas (as that term is defined in sec-  
13      tion 122(j) of title 17, United States  
14      Code).

15           **(2) OTHER CONSIDERATIONS.**—The  
16      Board shall consider other factors, which  
17      shall include projects that would—

18               **(A)** offer a separate tier of local  
19      broadcast signals;

20               **(B)** provide lower projected costs  
21      to consumers of such separate tier;  
22      and

23               **(C)** enable the delivery of local  
24      broadcast signals consistent with the  
25      purpose of this Act by a means rea-

1           sonably compatible with existing sys-  
2           tems or devices predominantly in use.

3       **(f) GUARANTEE LIMITS.—**

4           **(1) LIMITATION ON AGGREGATE VALUE OF**  
5       **LOANS.—**The aggregate value of all loans  
6       for which loan guarantees are issued  
7       under this Act (including the  
8       unguaranteed portion of loans issued  
9       under paragraph (2)(A)) and Other Debt  
10      under paragraph (2)(B) may not exceed  
11      \$1,000,000,000.

12          **(2) GUARANTEE LEVEL.—**A loan guar-  
13      antee issued under this Act—

14            (A) may not exceed an amount  
15            equal to 80 percent of a loan meeting  
16            in its entirety the requirements of  
17            subsection (d)(2)(A). If only a portion  
18            of a loan meets the requirements of  
19            that subsection, the Board shall de-  
20            termine that percentage of the loan  
21            meeting such requirements (the “ap-  
22            plicable portion”) and may issue a  
23            loan guarantee in an amount not ex-  
24            ceeding 80 percent of the applicable  
25            portion; or

1           **(B) may, as to a loan meeting in**  
2           **its entirety the requirements of sub-**  
3           **section (d)(2)(A), cover the amount of**  
4           **such loan only if that loan is for an**  
5           **amount not exceeding 80 percent of**  
6           **the total debt financing for the**  
7           **project, and other debt financing**  
8           **(also meeting in its entirety the re-**  
9           **quirements of subsection (d)(2)(A))**  
10          **from the same source for a total**  
11          **amount not less than 20 percent of**  
12          **the total debt financing for the**  
13          **project (“Other Debt”) has been ap-**  
14          **proved.**

15          **(g) UNDERWRITING CRITERIA.—Within the**  
16          **period provided for under subsection (b)(1),**  
17          **the Board shall, in consultation with the Di-**  
18          **rector of the Office of Management and Budg-**  
19          **et and an independent public accounting**  
20          **firm, develop underwriting criteria relating**  
21          **to the guarantee of loans that are consistent**  
22          **with the purpose of this Act, including appro-**  
23          **priate collateral and cash flow levels for loans**  
24          **guaranteed under this Act, and such other**  
25          **matters as the Board considers appropriate.**



1       **(h) CREDIT RISK PREMIUMS.—**

2               **(1) ESTABLISHMENT AND ACCEPTANCE.—**

3       **The Board may establish and approve the**  
4       **acceptance of credit risk premiums with**  
5       **respect to a loan guarantee under this**  
6       **Act in order to cover the cost, as deter-**  
7       **mined under section 504(b)(1) of the Fed-**  
8       **eral Credit Reform Act of 1990, of the**  
9       **loan guarantee. To the extent that appro-**  
10      **priations of budget authority are insuffi-**  
11      **cient to cover the cost, as so determined,**  
12      **of a loan guarantee under this Act, credit**  
13      **risk premiums shall be accepted from a**  
14      **non-Federal source under this subsection**  
15      **on behalf of the applicant for the loan**  
16      **guarantee.**

17              **(2) CREDIT RISK PREMIUM AMOUNT.—**

18              **(A) IN GENERAL.—The Board shall**  
19      **determine the amount of any credit**  
20      **risk premium to be accepted with re-**  
21      **spect to a loan guarantee under this**  
22      **Act on the basis of—**

23                      **(i) the financial and economic**  
24                      **circumstances of the applicant for**

1           the loan guarantee, including the  
2           amount of collateral offered;

3           (ii) the proposed schedule of  
4           loan disbursements;

5           (iii) the business plans of the  
6           applicant for providing service;

7           (iv) any financial commitment  
8           from a broadcast signal provider;  
9           and

10          (v) the concurrence of the Di-  
11          rector of the Office of Manage-  
12          ment and Budget as to the  
13          amount of the credit risk pre-  
14          mium.

15          **(B) PROPORTIONALITY.**—To the ex-  
16          tent that appropriations of budget au-  
17          thority are sufficient to cover the  
18          cost, as determined under section  
19          504(b)(1) of the Federal Credit Re-  
20          form Act of 1990, of loan guarantees  
21          under this Act, the credit risk pre-  
22          mium with respect to each loan guar-  
23          antee shall be reduced proportion-  
24          ately.

1           **(C) PAYMENT OF PREMIUMS.—Credit**  
2           **risk premiums under this subsection**  
3           **shall be paid to an account (the “Es-**  
4           **crow Account”) established in the**  
5           **Treasury which shall accrue interest**  
6           **and such interest shall be retained by**  
7           **the account, subject to subparagraph**  
8           **(D).**

9           **(D) DEDUCTIONS FROM ESCROW AC-**  
10          **COUNT.—If a default occurs with re-**  
11          **spect to any loan guaranteed under**  
12          **this Act and the default is not cured**  
13          **in accordance with the terms of the**  
14          **underlying loan or loan guarantee**  
15          **agreement, the Administrator, in ac-**  
16          **cordance with subsections (h) and (i)**  
17          **of section 5 of this Act, shall liq-**  
18          **uidate, or shall cause to be liq-**  
19          **uidated, all assets collateralizing such**  
20          **loan as to which it has a lien or secu-**  
21          **rity interest. Any shortfall between**  
22          **the proceeds of the liquidation net of**  
23          **costs and expenses relating to the liq-**  
24          **uidation, and the guarantee amount**  
25          **paid pursuant to this Act shall be de-**

1           ducted from funds in the Escrow Ac-  
2           count and credited to the Adminis-  
3           trator for payment of such shortfall.  
4           At such time as determined under  
5           subsection (d)(2)(F) when all loans  
6           guaranteed under this Act have been  
7           repaid or otherwise satisfied in ac-  
8           cordance with this Act and the regu-  
9           lations promulgated hereunder, re-  
10          maining funds in the Escrow Account,  
11          if any, shall be refunded, on a pro  
12          rata basis, to applicants whose loans  
13          guaranteed under this Act were not  
14          in default, or where any default was  
15          cured in accordance with the terms  
16          of the underlying loan or loan guar-  
17          antee agreement.

18          **(i) JUDICIAL REVIEW.**—The decision of the  
19          Board to approve or disapprove the making of  
20          a loan guarantee under this Act shall not be  
21          subject to judicial review.

22          **SEC. 5. ADMINISTRATION OF LOAN GUARANTEES.**

23          **(a) IN GENERAL.**—The Administrator of the  
24          Rural Utilities Service (in this Act referred to  
25          as the “Administrator”) shall issue and other-

1 wise administer loan guarantees that have  
2 been approved by the Board in accordance  
3 with sections 3 and 4 of this Act.

4 (b) SECURITY FOR PROTECTION OF UNITED  
5 STATES FINANCIAL INTERESTS.—

6 (1) TERMS AND CONDITIONS.—An appli-  
7 cant shall agree to such terms and condi-  
8 tions as are satisfactory, in the judgment  
9 of the Board, to ensure that, as long as  
10 any principal or interest is due and pay-  
11 able on a loan guaranteed under this Act,  
12 the applicant—

13 (A) shall maintain assets, equip-  
14 ment, facilities, and operations on a  
15 continuing basis;

16 (B) shall not make any discre-  
17 tionary dividend payments that im-  
18 pair its ability to repay obligations  
19 guaranteed under this Act;

20 (C) shall remain sufficiently cap-  
21 italized; and

22 (D) shall submit to, and cooperate  
23 fully with, any audit of the applicant  
24 under section 8(a)(2) of this Act.

25 (2) COLLATERAL.—

1           **(A) EXISTENCE OF ADEQUATE COL-**  
2           **LATERAL.—An applicant shall provide**  
3           **the Board such documentation as is**  
4           **necessary, in the judgment of the**  
5           **Board, to provide satisfactory evi-**  
6           **dence that appropriate and adequate**  
7           **collateral secures a loan guaranteed**  
8           **under this Act.**

9           **(B) FORM OF COLLATERAL.—Collat-**  
10          **eral required by subparagraph (A)**  
11          **shall consist solely of assets of the ap-**  
12          **plicant, any affiliate of the applicant,**  
13          **or both (whichever the Board con-**  
14          **siders appropriate), including pri-**  
15          **mary assets to be used in the delivery**  
16          **of signals for which the loan is guar-**  
17          **anteed.**

18          **(C) REVIEW OF VALUATION.—The**  
19          **value of collateral securing a loan**  
20          **guaranteed under this Act may be re-**  
21          **viewed by the Board, and may be ad-**  
22          **justed downward by the Board if the**  
23          **Board reasonably believes such ad-**  
24          **justment is appropriate.**

1           **(3) LIEN ON INTERESTS IN ASSETS.—**

2           **Upon the Board’s approval of a loan guar-**  
3           **antee under this Act, the Administrator**  
4           **shall have liens on assets securing the**  
5           **loan, which shall be superior to all other**  
6           **liens on such assets, and the value of the**  
7           **assets (based on a determination satisfac-**  
8           **tory to the Board) subject to the liens**  
9           **shall be at least equal to the unpaid bal-**  
10          **ance of the loan amount covered by the**  
11          **loan guarantee, or that value approved**  
12          **by the Board under section 4(d)(3)(B)(iii)**  
13          **of this Act.**

14          **(4) PERFECTED SECURITY INTEREST.—**

15          **With respect to a loan guaranteed under**  
16          **this Act, the Administrator and the lend-**  
17          **er shall have a perfected security interest**  
18          **in assets securing the loan that are fully**  
19          **sufficient to protect the financial inter-**  
20          **ests of the United States and the lender.**

21          **(5) INSURANCE.—In accordance with**  
22          **practices in the private capital market,**  
23          **as determined by the Board, the appli-**  
24          **cant for a loan guarantee under this Act**  
25          **shall obtain, at its expense, insurance suf-**

1        **ficient to protect the financial interests**  
2        **of the United States, as determined by**  
3        **the Board.**

4        **(c) ASSIGNMENT OF LOAN GUARANTEES.—**  
5        **The holder of a loan guarantee under this Act**  
6        **may assign the loan guaranteed under this**  
7        **Act in whole or in part, subject to such re-**  
8        **quirements as the Board may prescribe.**

9        **(d) MODIFICATION.—The Board may ap-**  
10       **prove the modification of any term or condi-**  
11       **tion of a loan guarantee or a loan guaranteed**  
12       **under this Act, including the rate of interest,**  
13       **time of payment of principal or interest, or se-**  
14       **curity requirements only if—**

15                **(1) the modification is consistent with**  
16        **the financial interests of the United**  
17        **States;**

18                **(2) consent has been obtained from**  
19        **the parties to the loan agreement;**

20                **(3) the modification is consistent with**  
21        **the underwriting criteria developed**  
22        **under section 4(g) of this Act;**

23                **(4) the modification does not ad-**  
24        **versely affect the interest of the Federal**



1       **Government in the assets or collateral of**  
2       **the applicant;**

3           **(5) the modification does not ad-**  
4       **versely affect the ability of the applicant**  
5       **to repay the loan; and**

6           **(6) the National Telecommunications**  
7       **and Information Administration has been**  
8       **consulted by the Board regarding the**  
9       **modification.**

10       **(e) PERFORMANCE SCHEDULES.—**

11           **(1) PERFORMANCE SCHEDULES.—An ap-**  
12       **plicant for a loan guarantee under this**  
13       **Act for a project covered by section**  
14       **4(e)(1) of this Act shall enter into stipu-**  
15       **lated performance schedules with the Ad-**  
16       **ministrator with respect to the signals to**  
17       **be provided through the project.**

18           **(2) PENALTY.—The Administrator may**  
19       **assess against and collect from an appli-**  
20       **cant described in paragraph (1) a penalty**  
21       **not to exceed 3 times the interest due on**  
22       **the guaranteed loan of the applicant**  
23       **under this Act if the applicant fails to**  
24       **meet its stipulated performance schedule**  
25       **under that paragraph.**

1       **(f) COMPLIANCE.—The Administrator, in**  
2 **cooperation with the Board and as the regula-**  
3 **tions of the Board may provide, shall enforce**  
4 **compliance by an applicant, and any other**  
5 **party to a loan guarantee for whose benefit**  
6 **assistance under this Act is intended, with the**  
7 **provisions of this Act, any regulations under**  
8 **this Act, and the terms and conditions of the**  
9 **loan guarantee, including through the sub-**  
10 **mittal of such reports and documents as the**  
11 **Board may require in regulations prescribed**  
12 **by the Board and through regular periodic in-**  
13 **spections and audits.**

14       **(g) COMMERCIAL VALIDITY.—A loan guar-**  
15 **antee under this Act shall be incontestable—**

16               **(1) in the hands of an applicant on**  
17 **whose behalf the loan guarantee is made,**  
18 **unless the applicant engaged in fraud or**  
19 **misrepresentation in securing the loan**  
20 **guarantee; and**

21               **(2) as to any person or entity (or their**  
22 **respective successor in interest) who**  
23 **makes or contracts to make a loan to the**  
24 **applicant for the loan guarantee in reli-**  
25 **ance thereon, unless such person or enti-**

1       ty (or respective successor in interest)  
2       engaged in fraud or misrepresentation in  
3       making or contracting to make such loan.

4       **(h) DEFAULTS.—**The Board shall prescribe  
5 regulations governing defaults on loans guar-  
6 anteed under this Act, including the adminis-  
7 tration of the payment of guaranteed amounts  
8 upon default.

9       **(i) RECOVERY OF PAYMENTS.—**

10           **(1) IN GENERAL.—**The Administrator  
11 shall be entitled to recover from an appli-  
12 cant for a loan guarantee under this Act  
13 the amount of any payment made to the  
14 holder of the guarantee with respect to  
15 the loan.

16           **(2) SUBROGATION.—**Upon making a  
17 payment described in paragraph (1), the  
18 Administrator shall be subrogated to all  
19 rights of the party to whom the payment  
20 is made with respect to the guarantee  
21 which was the basis for the payment.

22           **(3) DISPOSITION OF PROPERTY.—**

23           **(A) SALE OR DISPOSAL.—**The Ad-  
24 ministrator shall, in an orderly and  
25 efficient manner, sell or otherwise

1       **dispose of any property or other in-**  
2       **terests obtained under this Act in a**  
3       **manner that maximizes taxpayer re-**  
4       **turn and is consistent with the finan-**  
5       **cial interests of the United States.**

6               **(B) MAINTENANCE.—The Adminis-**  
7       **trator shall maintain in a cost-effec-**  
8       **tive and reasonable manner any**  
9       **property or other interests pending**  
10       **sale or disposal of such property or**  
11       **other interests under subparagraph**  
12       **(A).**

13       **(j) ACTION AGAINST OBLIGOR.—**

14               **(1) AUTHORITY TO BRING CIVIL AC-**  
15       **TION.—The Administrator may bring a**  
16       **civil action in an appropriate district**  
17       **court of the United States in the name of**  
18       **the United States or of the holder of the**  
19       **obligation in the event of a default on a**  
20       **loan guaranteed under this Act. The hold-**  
21       **er of a loan guarantee shall make avail-**  
22       **able to the Administrator all records and**  
23       **evidence necessary to prosecute the civil**  
24       **action.**

1           **(2) FULLY SATISFYING OBLIGATIONS**  
2           **OWED THE UNITED STATES.—The Adminis-**  
3           **trator may accept property in satisfac-**  
4           **tion of any sums owed the United States**  
5           **as a result of a default on a loan guaran-**  
6           **teed under this Act, but only to the ex-**  
7           **tent that any cash accepted by the Ad-**  
8           **ministrator is not sufficient to satisfy**  
9           **fully the sums owed as a result of the de-**  
10          **fault.**

11          **(k) BREACH OF CONDITIONS.—The Adminis-**  
12          **trator shall commence a civil action in a court**  
13          **of appropriate jurisdiction to enjoin any ac-**  
14          **tivity which the Board finds is in violation of**  
15          **this Act, the regulations under this Act, or any**  
16          **conditions which were duly agreed to, and to**  
17          **secure any other appropriate relief, including**  
18          **relief against any affiliate of the applicant.**

19          **(l) ATTACHMENT.—No attachment or execu-**  
20          **tion may be issued against the Administrator**  
21          **or any property in the control of the Adminis-**  
22          **trator pursuant to this Act before the entry of**  
23          **a final judgment (as to which all rights of ap-**  
24          **peal have expired) by a Federal, State, or**  
25          **other court of competent jurisdiction against**

1 the Administrator in a proceeding for such ac-  
2 tion.

3 (m) FEES.—

4 (1) APPLICATION FEE.—The Board shall  
5 charge and collect from an applicant for  
6 a loan guarantee under this Act a fee to  
7 cover the cost of the Board in making  
8 necessary determinations and findings  
9 with respect to the loan guarantee appli-  
10 cation under this Act. The amount of the  
11 fee shall be reasonable.

12 (2) LOAN GUARANTEE ORIGINATION  
13 FEE.—The Board shall charge, and the Ad-  
14 ministrator may collect, a loan guarantee  
15 origination fee with respect to the  
16 issuance of a loan guarantee under this  
17 Act.

18 (3) USE OF FEES COLLECTED.—Any fee  
19 collected under this subsection shall be  
20 used to offset administrative costs under  
21 this Act, including costs of the Board and  
22 of the Administrator.

23 (n) REQUIREMENTS RELATING TO AFFILI-  
24 ATES.—

1           **(1) INDEMNIFICATION.—The United**  
2           **States shall be indemnified by any affil-**  
3           **iate (acceptable to the Board) of an appli-**  
4           **cant for a loan guarantee under this Act**  
5           **for any losses that the United States in-**  
6           **curs as a result of—**

7                   **(A) a judgment against the appli-**  
8                   **cant or any of its affiliates;**

9                   **(B) any breach by the applicant**  
10                  **or any of its affiliates of their obliga-**  
11                  **tions under the loan guarantee agree-**  
12                  **ment;**

13                  **(C) any violation of the provisions**  
14                  **of this Act, and the regulations pre-**  
15                  **scribed under this Act, by the appli-**  
16                  **cant or any of its affiliates;**

17                  **(D) any penalties incurred by the**  
18                  **applicant or any of its affiliates for**  
19                  **any reason, including violation of a**  
20                  **stipulated performance schedule**  
21                  **under subsection (e); and**

22                  **(E) any other circumstances that**  
23                  **the Board considers appropriate.**

24           **(2) LIMITATION ON TRANSFER OF LOAN**  
25           **PROCEEDS.—An applicant for a loan guar-**

1       antee under this Act may not transfer  
2       any part of the proceeds of the loan to an  
3       affiliate.

4       **(o) EFFECT OF BANKRUPTCY.—(1) Notwith-**  
5 **standing any other provision of law, when-**  
6 **ever any person or entity is indebted to the**  
7 **United States as a result of any loan guar-**  
8 **antee issued under this Act and such person**  
9 **or entity is insolvent or is a debtor in a case**  
10 **under title 11, United States Code, the debts**  
11 **due to the United States shall be satisfied**  
12 **first.**

13       **(2) A discharge in bankruptcy under title**  
14 **11, United States Code, shall not release a per-**  
15 **son or entity from an obligation to the United**  
16 **States in connection with a loan guarantee**  
17 **under this Act.**

18 **SEC. 6. PROHIBITION ON USE OF FUNDS FOR SPECTRUM**  
19 **AUCTIONS.**

20       **Notwithstanding any other provision of**  
21 **this Act, no loan guarantee under this Act**  
22 **may be granted or used to provide funds for**  
23 **the acquisition of licenses for the use of spec-**  
24 **trum in any competitive bidding under sec-**



1 tion 309(j) of the Communications Act of 1934  
2 (47 U.S.C. 309(j)).

3 SEC. 7. PROHIBITION ON USE OF FUNDS BY INCUMBENT  
4 CABLE OPERATORS.

5 Notwithstanding any other provision of  
6 this Act, no loan guarantee under this Act  
7 may be granted or used to provide funds for—

8 (1) the extension of any cable system  
9 to any area or areas for which the cable  
10 operator of such cable system has a cable  
11 franchise, if such franchise obligates the  
12 operator to extend such system to such  
13 area or areas; or

14 (2) the upgrading or enhancement of  
15 the services provided over any cable sys-  
16 tem, unless such upgrading or enhance-  
17 ment is principally undertaken to extend  
18 services to areas outside of the pre-  
19 viously existing franchise area of the  
20 cable operator.

21 SEC. 8. ANNUAL AUDIT.

22 (a) REQUIREMENT.—The Comptroller Gen-  
23 eral of the United States shall conduct on an  
24 annual basis an audit of—

1           (1) the administration of the provi-  
2           sions of this Act; and

3           (2) the financial position of each ap-  
4           plicant who receives a loan guarantee  
5           under this Act, including the nature,  
6           amount, and purpose of investments  
7           made by the applicant.

8           (b) **REPORT.**—The Comptroller General  
9           shall submit to the Congress a report on each  
10          audit conducted under subsection (a).

11       **SEC. 9. EXEMPTION FROM MUST CARRY REQUIREMENTS.**

12          A facility of a satellite carrier, cable sys-  
13       tem, or other multichannel video program-  
14       ming distributor that is financed with a loan  
15       guaranteed under this Act and that delivers  
16       local broadcast signals in a television market  
17       pursuant to the provisions of section 338, 614,  
18       or 615 of the Communications Act of 1934 (47  
19       U.S.C. 338, 534, or 535) shall not be required  
20       to carry in such market a greater number of  
21       local broadcast signals than the number of  
22       such signals that is carried by the cable sys-  
23       tem serving the largest number of subscribers  
24       in such market.

1 SEC. 10. ADDITIONAL AVAILABILITY OF BROADCAST SIG-  
2 NALS IN RURAL AREAS.

3 (a) OPENING OF FILING FOR ADDITIONAL  
4 TRANSLATOR AND LOW-POWER STATIONS.—The  
5 Federal Communications Commission shall,  
6 in accordance with its regulations, open a fil-  
7 ing period window for the acceptance of ap-  
8 plications for television translator stations  
9 and low-power television stations in rural  
10 areas.

11 (b) DEADLINES FOR NOTICE.—The Commis-  
12 sion shall announce the filing period window  
13 no less than 90 days prior to the commence-  
14 ment of the window.

15 SEC. 11. PREVENTION OF INTERFERENCE TO SATELLITE  
16 SERVICES APPLYING FOR RURAL LOAN  
17 GUARANTEES.

18 (a) TESTING FOR HARMFUL INTERFERENCE.—  
19 The Board shall approve no loan guarantee  
20 until the Federal Communications Commis-  
21 sion has determined on the basis of a tech-  
22 nical demonstration or, if infeasible, an anal-  
23 ysis, that any terrestrial service proposing to  
24 operate in the satellite broadcast frequency  
25 band will not cause harmful interference to

1 any satellite service eligible for a loan guar-  
2 antee under the provisions of this Act.

3 (b) **TECHNICAL DEMONSTRATION.**—For the  
4 purpose of making the determination re-  
5 quired by subsection (a), the demonstration  
6 or analysis shall be conducted and the results  
7 analyzed by an engineering firm or other  
8 qualified entity that is independent of any in-  
9 terested party. Such demonstration and re-  
10 sulting analysis shall be subject to public no-  
11 tice and comment, and shall be completed  
12 within 90 days after the date of enactment of  
13 this Act.

14 (c) **TERRESTRIAL USES OF SATELLITE FRE-**  
15 **QUENCIES PROHIBITED.**—In order to ensure  
16 that there is no harmful interference to sat-  
17 ellite services eligible for loan guarantees  
18 under the provisions of this Act, the Federal  
19 Communications Commission shall not allo-  
20 cate spectrum for, or issue any license or  
21 other authorization with respect to, any ter-  
22 restrial service proposing to operate in the  
23 satellite broadcast frequency band during the  
24 90-day period described in subsection (b).

25 (d) **DEFINITIONS.**—

1           **(1) DIRECT BROADCAST SATELLITE SERV-**  
2           **ICE FREQUENCY BAND.—The term “satellite**  
3           **broadcast frequency band” means the**  
4           **band of frequencies at 12.2 to 12.7**  
5           **gigahertz.**

6           **(2) SATELLITE SERVICES.—The term**  
7           **“satellite services” means—**

8                   **(A) all systems licensed by the**  
9                   **Commission to operate in the direct**  
10                  **broadcast satellite services; and**

11                  **(B) all nongeostationary orbit**  
12                  **fixed satellite service systems that**  
13                  **may be licensed by the Commission—**

14                       **(i) that are authorized, on the**  
15                       **date of enactment of this Act, to**  
16                       **use the satellite broadcast fre-**  
17                       **quency band; or**

18                       **(ii) for which applications to**  
19                       **use such frequency band are**  
20                       **pending before the Commission**  
21                       **on such date.**

22 **SEC. 12. IMPROVED CELLULAR SERVICE IN RURAL AREAS.**

23           **(a) REINSTATEMENT OF APPLICANTS AS TEN-**  
24           **TATIVE SELECTEES.—**

1           **(1) IN GENERAL.—**Notwithstanding the  
2           **order of the Federal Communications**  
3           **Commission in the proceeding described**  
4           **in paragraph (3), the Commission shall—**

5                   **(A) reinstate each applicant as a**  
6                   **tentative selectee under the covered**  
7                   **rural service area licensing pro-**  
8                   **ceeding; and**

9                   **(B) permit each applicant to**  
10                  **amend its application, to the extent**  
11                  **necessary to update factual informa-**  
12                  **tion and to comply with the rules of**  
13                  **the Commission, at any time before**  
14                  **the Commission’s final licensing ac-**  
15                  **tion in the covered rural service area**  
16                  **licensing proceeding.**

17           **(2) EXEMPTION FROM PETITIONS TO**  
18           **DENY.—**For purposes of the amended ap-  
19           **plications filed pursuant to paragraph**  
20           **(1)(B), the provisions of section 309(d)(1)**  
21           **of the Communications Act of 1934 (47**  
22           **U.S.C. 309(d)(1)) shall not apply.**

23           **(3) PROCEEDING.—**The proceeding de-  
24           **scribed in this paragraph is the pro-**  
25           **ceeding of the Commission In re Applica-**

1        **tions of Cellwave Telephone Services**  
2        **L.P., Futurewave General Partners L.P.,**  
3        **and Great Western Cellular Partners, 7**  
4        **FCC Rcd No. 19 (1992).**

5        **(b) CONTINUATION OF LICENSE PROCEEDING;**  
6        **FEE ASSESSMENT.—**

7                **(1) AWARD OF LICENSES.—The Commis-**  
8        **sion shall award licenses under the cov-**  
9        **ered rural service area licensing pro-**  
10       **ceeding within 90 days after the date of**  
11       **the enactment of this Act.**

12               **(2) SERVICE REQUIREMENTS.—The Com-**  
13       **mission shall provide that, as a condition**  
14       **of an applicant receiving a license pursu-**  
15       **ant to the covered rural service area li-**  
16       **censing proceeding, the applicant shall**  
17       **provide cellular radiotelephone service**  
18       **to subscribers in accordance with sec-**  
19       **tions 22.946 and 22.947 of the Commis-**  
20       **sion's rules (47 CFR 22.946, 22.947); ex-**  
21       **cept that the time period applicable**  
22       **under section 22.947 of the Commission's**  
23       **rules (or any successor rule) to the appli-**  
24       **cants identified in subparagraphs (A) and**  
25       **(B) of subsection (d)(1) shall be 3 years**

1       rather than 5 years and the waiver au-  
2       thority of the Commission shall apply to  
3       such 3-year period.

4               (3) CALCULATION OF LICENSE FEE.—

5               (A) FEE REQUIRED.—The Commis-  
6       sion shall establish a fee for each of  
7       the licenses under the covered rural  
8       service area licensing proceeding. In  
9       determining the amount of the fee,  
10      the Commission shall consider—

11              (i) the average price paid per  
12      person served in the Commis-  
13      sion's Cellular Unserved Auction  
14      (Auction No. 12); and

15              (ii) the settlement payments  
16      required to be paid by the permit-  
17      tees pursuant to the consent de-  
18      cree set forth in the Commission's  
19      order, In re the Tellesis Partners  
20      (7 FCC Rcd 3168 (1992)), multi-  
21      plying such payments by two.

22              (B) NOTICE OF FEE.—Within 30  
23      days after the date an applicant files  
24      the amended application permitted  
25      by subsection (a)(1)(B), the Commis-



1           sion shall notify each applicant of the  
2           fee established for the license associ-  
3           ated with its application.

4           (4) PAYMENT FOR LICENSES.—No later  
5           than 18 months after the date that an ap-  
6           plicant is granted a license, each appli-  
7           cant shall pay to the Commission the fee  
8           established pursuant to paragraph (3) for  
9           the license granted to the applicant  
10          under paragraph (1).

11          (5) AUCTION AUTHORITY.—If, after the  
12          amendment of an application pursuant to  
13          subsection (a)(1)(B), the Commission  
14          finds that the applicant is ineligible for  
15          grant of a license to provide cellular ra-  
16          diotelephone services for a rural service  
17          area or the applicant does not meet the  
18          requirements under paragraph (2) of this  
19          subsection, the Commission shall grant  
20          the license for which the applicant is the  
21          tentative selectee (pursuant to subsection  
22          (a)(1)(B) by competitive bidding pursuant  
23          to section 309(j) of the Communications  
24          Act of 1934 (47 U.S.C. 309(j)).

1       **(c) PROHIBITION OF TRANSFER.—During the**  
2 **5-year period that begins on the date that an**  
3 **applicant is granted any license pursuant to**  
4 **subsection (a), the Commission may not au-**  
5 **thorize the transfer or assignment of that li-**  
6 **cense under section 310 of the Communica-**  
7 **tions Act of 1934 (47 U.S.C. 310). Nothing in**  
8 **this Act may be construed to prohibit any ap-**  
9 **plicant granted a license pursuant to sub-**  
10 **section (a) from contracting with other licens-**  
11 **ees to improve cellular telephone service.**

12       **(d) DEFINITIONS.—For the purposes of this**  
13 **section, the following definitions shall apply:**

14               **(1) APPLICANT.—The term “applicant”**  
15       **means—**

16               **(A) Great Western Cellular Part-**  
17               **ners, a California general partnership**  
18               **chosen by the Commission as ten-**  
19               **tative selectee for RSA #492 on May 4,**  
20               **1989;**

21               **(B) Monroe Telephone Services**  
22               **L.P., a Delaware limited partnership**  
23               **chosen by the Commission as ten-**  
24               **tative selectee for RSA #370 on Au-**

1           gust 24, 1989 (formerly Cellwave Tele-  
2           phone Services L.P.); and

3           (C) FutureWave General Partners  
4           L.P., a Delaware limited partnership  
5           chosen by the Commission as ten-  
6           tative selectee for RSA #615 on May  
7           25, 1990.

8           (2) COMMISSION.—The term “Commis-  
9           sion” means the Federal Communications  
10          Commission.

11          (3) COVERED RURAL SERVICE AREA LI-  
12          CENSING PROCEEDING.—The term “covered  
13          rural service area licensing proceeding”  
14          means the proceeding of the Commission  
15          for the grant of cellular radiotelephone  
16          licenses for rural service areas #492 (Min-  
17          nesota 11), #370 (Florida 11), and #615  
18          (Pennsylvania 4).

19          (4) TENTATIVE SELECTEE.—The term  
20          “tentative selectee” means a party that  
21          has been selected by the Commission  
22          under a licensing proceeding for grant of  
23          a license, but has not yet been granted  
24          the license because the Commission has  
25          not yet determined whether the party is

1       **qualified under the Commission’s rules**  
2       **for grant of the license.**

3   **SEC. 13. TECHNICAL AMENDMENT.**

4       **Section 339(c) of the Communications Act**  
5       **of 1934 (47 U.S.C. 339(c)) is amended by add-**  
6       **ing at the end the following new paragraph:**

7           **“(5)       DEFINITION.—Notwithstanding**  
8       **subsection (d)(4), for purposes of para-**  
9       **graphs (2) and (4) of this subsection, the**  
10       **term ‘satellite carrier’ includes a dis-**  
11       **tributor (as defined in section 119(d)(1) of**  
12       **title 17, United States Code), but only if**  
13       **the satellite distributor’s relationship**  
14       **with the subscriber includes billing, col-**  
15       **lection, service activation, and service de-**  
16       **activation.”.**

17   **SEC. 14. DEFINITIONS.**

18       **In this Act:**

19           **(1) AFFILIATE.—The term “affiliate”—**

20               **(A) means any person or entity**  
21               **that controls, or is controlled by, or is**  
22               **under common control with, another**  
23               **person or entity; and**

24               **(B) may include any individual**  
25               **who is a director or senior manage-**

1           ment officer of an affiliate, a share-  
2           holder controlling more than 25 per-  
3           cent of the voting securities of an af-  
4           filiate, or more than 25 percent of the  
5           ownership interest in an affiliate not  
6           organized in stock form.

7           (2) COMMON TERMS.—Except as pro-  
8           vided in paragraph (1), any term used in  
9           this Act that is defined in the Commu-  
10          nications Act of 1934 (47 U.S.C. 151 et  
11          seq.) has the meaning given that term in  
12          the Communications Act of 1934.

13 SEC. 15. AUTHORIZATIONS OF APPROPRIATIONS.

14          (a) COST OF LOAN GUARANTEES.—For the  
15          cost of the loans guaranteed under this Act,  
16          including the cost of modifying the loans, as  
17          defined in section 502 of the Congressional  
18          Budget Act of 1974 (2 U.S.C. 661a), there are  
19          authorized to be appropriated for fiscal years  
20          2001 through 2006, such amounts as may be  
21          necessary.

22          (b) COST OF ADMINISTRATION.—There is  
23          hereby authorized to be appropriated such  
24          sums as may be necessary to carry out the

1 provisions of this Act, other than to cover  
2 costs under subsection (a).

3 (c) AVAILABILITY.—Any amounts appro-  
4 priated pursuant to the authorizations of ap-  
5 propriations in subsections (a) and (b) shall  
6 remain available until expended.

7 SEC. 16. SUNSET.

8 No loan guarantee may be approved  
9 under this Act after December 31, 2006.